

## Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 IO-14 ISO-00 CIAE-00 INR-10 JUSE-00

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2091

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C O N F I D E N T I A L NEW DELHI 7964

E.O. 11652: GDS

TAGS: SNAR, IN

SUBJ: INDIAN OPIUM EXPORTS

SUMMARY: THE GOI HAS CONFIRMED THAT 1974 OPIUM PRODUCTION TOTALS 970 TONS, OF WHICH 850 ARE AVAILABLE FOR EXPORT. THE GOI PLANS TO PRODUCE 1,100 TONS IN 1975 WITH 900 TONS ALLOCATED FOR EXPORT. IT WILL TAKE AT LEAST THREE YEARS BEFORE A POPPY STRAW PROCESSING PLANT GOES INTO OPERATION. THE FINANCE MINISTRY IS KEEPING OPIUM ALLOCATION TO EAST EUROPE CONSTANT, DESPITE PRESSURE FROM OTHER GOI MINISTRIES. END SUMMARY.

1. EMBOFF DISCUSSED INDIAN OPIUM PRODUCTION FOR 1974 AND 1975 WITH DEPUTY DIRECTOR A.P. AGRAWAL, MINISTRY OF FINANCE. AGRAWAL CONFIRMED THAT THE FINAL PRODUCTION FIGURE FOR 1974 WAS ONLY 970 TONS OF GUM OPIUM, OF WHICH 850 TONS WOULD BE AVAILABLE FOR EXPORT. AGRAWAL BLAMED THIS YEAR'S SURPRISINGLY LOW PRODUCTION ON THE UNUSUALLY COLD WEATHER DURING DECEMBER AND AN UNUSUALLY LATE HARVEST, WHICH CAUSED MANY POPPY PODS TO BE DRIED BY THE SUMMER HEAT.

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2. AGRAWAL REMARKED THAT NO IMPORTING NATION, INCLUDING THE

EAST EUROPEAN COUNTRIES, WOULD RECEIVE AN INCREASE IN OPIUM SUPPLIES IN 1974. THE POLISH OPIUM ALLOCATION WAS 12.5 TONS IN BOTH 1973 AND 1974, BUT THE RUPEE VALUE OF THE OPIUM AS SPECIFIED IN THE TRADE PROTOCOL INCREASED FROM RS. 2.5 MILLION TO RS. 3 MILLION. THE USSR WILL RECEIVE 100 TONS OF OPIUM THIS YEAR AND BULGARIA WILL GET 6 TONS. AGRAWAL NOTED THAT THE FINANCE MINISTRY WAS FREQUENTLY UNDER PRESSURE FROM OTHER GOI MINISTRIES TO SUPPLY MORE OPIUM TO THE RUPEE BLOC NATIONS, BUT SO FAR IT HAD BEEN ABLE TO KEEP THE EAST EUROPEANS FROM GETTING MORE THAN THEIR SHARE.

3. AGRAWAL STATED THAT EVEN IF THE NEW CODEINE PLANT AT NEEMUCH DID NOT GO INTO OPERATION UNTIL 1975, THERE WOULD BE NO CHANCE OF REALLOCATING ANY OPIUM COMMITTED TO THE CODEINE PLANT. HE WAS SURE THAT THERE WOULD BE NO SUPPLEMENTAL AVAILABILITY OF OPIUM TO THE EXPORT MARKET LATER IN THE YEAR.

4. AGRAWAL BELIEVED THAT 1975 GUM OPIUM PRODUCTION COULD BE AS HIGH AS 1,100 TONS, IF NORMAL WEATHER PREVAILS. EVEN WITH THE NEEMUCH CODEINE PLANT OPERATING AT TWO SHIFTS, ABOUT 900 TONS SHOULD BE AVAILABLE FOR EXPORT, WHICH WOULD BE 50 TONS HIGHER THAN IN 1974. HE FELT THAT THE 1975 EXPORT PRICE WOULD BE SUBSTANTIALLY HIGHER THAN THIS YEAR, TO COMPENSATE FOR THE INCREASES IN PROCUREMENT PRICES FROM THE CULTIVATORS.

5. FOR THE FORESEEABLE FUTURE, THE GOI PLANS TO KEEP POPPY CULTIVATION ACREAGE AT THE PRESENT LEVEL OF 52,000 HECTARES IN ORDER TO AVOID SERIOUS CONTROL PROBLEMS. THERE IS EXPERIEMENAL PLOT OF PAPAVER HRACHTEATUM AT NEEMUCH, BUT AGRAWAL DID NOT BELIEVE THAT THIS VARIETY OF POPPY WAS SUITABLE FOR INDIA BECAUSE IT IS A PERENNIAL PLANT WHICH MONOPOLIZES LAND WHICH OTHERWISE COULD BE USED FOR WHEAT CULTIVATION. AGRAWAL FELT THAT IT WOULD TAKE AT LEAST THREE YEARS BEFORE A POPPY STRAW PROCESSING PLANT WOULD BE CONSTRUCTED. ONCE INDIA STARTS PROCESSING POPPY STRAW INTO MORPHINE ASE, MORE GUN OPIUM MAY BECOME AVAILABLE TO US PHARMACEUTICAL COMPANIES. MOYNIHAN

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## Message Attributes

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**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** SNAR, IN  
**To:** STATE  
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